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AUG 23 1984

BOND NUMBER _____
Corporate Surety Bond

DIVISION OF OIL
GAS & MINING

STATE OF UTAH
BOND OF LESSEE

KNOW ALL MEN BY THESE PRESENTS, that we Richard J. Micheal dba Painted Rock Mining Co. of 646 West 600 North, Clearfield, UT (Address), as principal and Northwestern National Insurance Company, as surety, are held and firmly bound unto the State of Utah in the sum of Five Thousand and No/100---- Dollars (\$5,000.00)—lawful money of the United States to be paid to the Board of State Lands, as agent for the State of Utah, for the use and benefit of the State of Utah, and of any patentee or purchaser of any portion of the land covered by the hereinafter described lease heretofore sold or which may hereafter be sold with a reservation of the minerals to the State of Utah, on the surface or of other mineral deposits of any portion of such lands, for which payment, will and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators, successors, sublessees, and assignees, jointly and severally by these presents.

Signed with our hands and seals this 20th day of August in the year of our Lord, 1984.

The condition of the foregoing obligation is such that,

WHEREAS, the State of Utah, as lessor, issued a Permit lease, Lease Number _____, and dated September 26, 1983 to Richard J. Michael as lessee (and said lease has been duly assigned under date of September 26, 1983 to Continuous) to drill for, mine, extract and remove all of the Clay Minerals and Azomite deposits in and under the following described lands to-wit:

Township 16 South, Range 1 West SLB&M

Section 21 East $\frac{1}{2}$ SE $\frac{1}{4}$

Section 28 SE $\frac{1}{4}$ NE $\frac{1}{4}$

Section 30, Lot 24, 41

Section 31 Lot 23 NW14SE $\frac{1}{4}$

Section 32 Lots 2, 3, 4 SE $\frac{1}{4}$ SW $\frac{1}{4}$

Containing 435.42 Acres, More or less

NOW, THEREFORE, the principal shall be obligated to pay all monies, rentals, royalties, costs of reclamation, damages to the surface and improvements thereon and any other costs which arise by operation of the above-described lease(s) accruing to the lessor and shall fully comply with all other terms and conditions of said lease, the rules, regulations, and policies relating thereto of the Board of State Lands, Division of State Lands, the Board of Oil, Gas, and Mining and the Division of Oil, Gas, and Mining as they now exist or may from time to time be modified or amended. This obligation is in effect even if the principal has conveyed part of its leasehold interest to a sublessee or sublessees. If the principal fully satisfies the above-described obligations, then the surety's obligation to make payment to the State of Utah is void and of no effect, otherwise, it shall remain in full force and effect until released by the Division of State Lands.

Signed, sealed and delivered in the presence of

Kristen Radmall
Witness

Richard J. Michael (SEAL)
Principal
Richard J. Michael

BONDING COMPANY Northwestern National Ins. Co.
BY _____

Melvin D. Peel
Attorney-in-Fact

Attest: _____

Resident Agent: Kristen Radmall

Bonding Co. Address: 525 East 4500 South
Salt Lake City, Utah 84107

Corporate Seal of Bonding Company must be affixed.

Approved as to form and execution:

[Signature]



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Scott M. Matheson, Governor
Temple A. Reynolds, Executive Director
Dianne R. Nielson, Ph.D., Division Director

4241 State Office Building • Salt Lake City, UT 84114 • 801-533-5771

June 22, 1984

RECEIVED

AUG 23 1984

Mr. Richard J. Michael, President
Painted Rocks Mining and Mill, Inc.
646 West 300 North
Clearfield, Utah 84015

DIVISION OF OIL
GAS & MINING

RE: ML-40880
DOE/023/015
Juab County, Utah

Dear Mr. Michael:

The Division has received your May 13, 1984 letter containing the Declaration of Exemption for the clay mining operation (ELE-M-ITE) on Section 32, Township 16 South, Range 1 West, in Juab County, Utah. The information you have presented indicates that you are exempt from the rules and regulations as set forth in the 1975 Mined Land Reclamation Act of Utah. A copy of the file has been returned along with the file number which we ask you to reference in future correspondence.

Should you anticipate that the operation will exceed the two acre limitation, please notify this Division at least six months in advance so that the processing of your mining and reclamation plan may begin.

A copy of the May 3, 1984 letter from Western Surety Company has been enclosed. The Division requests that you remedy this situation with the Division of State Lands and Forestry immediately.

If you have any questions, please contact me or D. Wayne Hedberg of my staff.

Sincerely,

James W. Smith, Jr.
Administrator
Mineral Resource Development
and Reclamation Program

JWS/tnt:btb

cc: John Blake, Division of State Lands & Forestry
Ron Daniels, DOGM
D. Wayne Hedberg, DOGM
Pam Grubaugh-Littig, DOGM
Tom Tetting, DOGM

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